

AEB 4138: Advanced Agribusiness Management Fall 2018

Instructor: Jaclyn D. Kropp
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Location: Tuesdays period 7 (1:55 pm – 2:45 pm) MCCA 1142
Thursdays periods 7 & 8 (1:55 pm – 3:50 pm) MCCA 1142

Office Hours: Tuesdays and Thursdays 11:00am – 12:30pm

TA: Benjamin Avuwadah (bavuwadah@ufl.edu)
TA Office Hours: Mondays and Wednesdays TBD

Credits: 3
Prerequisites: AEB 3103 and AEB 3144; agribusiness majors

Required Materials:

REEF Polling by i>clicker application

Thompson, et. al., [The Business Strategy Game, Online Edition](#), McGraw-Hill Irwin.

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan, *Essentials of Corporate Finance*, 9th Edition, 2017, McGraw-Hill/Irwin. ISBN: 9781259277214 (RWJ)

- Older editions of the book may suffice. However, students are responsible for ensuring that they are studying the correct material.

Financial Calculator: Students are responsible for learning how to use their particular calculator. Class time will **not** be devoted to this purpose. Suggested models: Hewlett-Packard HP-10BII or Texas Instruments BAII Plus

Recommended Materials:

Holden, C. *Excel Modeling in Corporate Finance*, 5th Edition, Pearson Prentice Hall. ISBN: 978-0205987252.

Other Useful Texts:

Barry, Ellinger, Hopkin, and Baker, *Financial Management in Agriculture*, 6th Edition, Interstate Publishers, Inc., Danville, IL, 2000.

Subramanyam, K. R. and J. J. Wild. 2009. *Financial Statement Analysis*, 10th Edition, McGraw-Hill Irwin. ISBN-13: 9780073379432.

The Economist and *The Wall Street Journal*

E-Learning Canvas:

There is an E-learning Canvas web-page for this course. To access the website, you will need your Gatorlink username and password. E-learning Canvas can be accessed via <http://elearning.ufl.edu>. If you are having difficulties accessing the website, please contact the UF Computing Help Desk directly by calling (352) 392-HELP or via e-mail helpdesk@ufl.edu. You will need your UFID when contacting them.

Course Description:

Integration of finance and management to solve problems faced by agricultural firms and agribusinesses. In addition to lectures, students will work in small groups to identify and to analyze case studies from agricultural and rural businesses.

Structure of the Course:

This course is intended to provide a *senior-level capstone experience*. As such, the course will be taught with the assumption that students are highly motivated, diligent, and have a level of economic sophistication expected of a senior within the major. This course utilizes the skills acquired in previous courses and is intended to reinforce and strengthen students' knowledge of management and financial concepts. Through a simulation and case studies, students will analyze decision-making from the perspective of senior-level management. The course is designed to improve students' critical thinking skills, enhance their written and verbal communication skills, and advance their teamwork skills.

The class is designed such that classroom participation (not only attendance but also active participation) and preparation outside the classroom are necessary for learning and performing well in the course. Lectures will cover the major points of selected chapters. However, unless told otherwise, students are required to read and understand all assigned readings. **It is expected that students will read all materials thoroughly.**

Course Objectives:

The course is designed to provide students with the fundamentals of finance and its applications in agriculture and agribusiness. Consequently, we shall cover a broad range of finance topics and applications.

The objectives of the class may be summarized as follows:

- 1) Highlight the importance of finance in real-world decision-making and the uniqueness of finance related to agricultural and agribusiness firms.

- 2) Employ fundamental concepts and techniques that are at the heart of financial decision-making. We shall cover various topics including the time value of money, financial statement analysis, capital budgeting, capital structure, investment decisions, credit, banking, agricultural lending, risk management and financial markets.

After completing this course, students will be able to:

- 1) Create coordinated pro forma financial statements;
- 2) Suggest improvements for liquidity, solvency, profitability, and efficiency ratios using financial statements;
- 3) Assess food and agricultural investment opportunities using NPV, IRR, and sensitivity and scenario analyses;
- 4) Determine the equity value of a firm using the discounted dividend/discounted cash flow model;
- 5) Calculate the cost of capital for a food or agricultural firm and interpret its implications for evaluating operating and financial risk;
- 6) Use the factors that influence optimal capital structure to determine the optimal debt and equity levels for a food or agricultural firm;
- 7) Develop written documents that effectively and persuasively communicate a stance regarding a business decision;
- 8) Work in teams to create an effective oral and written presentation for communicating a suggested strategy or decision for a firm.

Attendance Policy:

Students are expected to attend all classes. Regular and punctual attendance at all classes is the responsibility of each student. In the event of an absence, it is the responsibility of the student to make up any resulting deficiencies.

I will inform the class in advance if I will not attend a particular class, in which case arrangements will be made for a substitute instructor or other alternatives. However, in case of an absence for which no advance arrangements have been made, students are authorized to leave after a 10-minute wait.

Grading:

<u>Assignment</u>	<u>Weight</u>
Class Participation and Effort	5%
In-class Assignments	10%
iClicker Questions/In-class Quizzes	5%
Exam	20%
Case Study Assignments (3 @ 8.33% each)	25%
BSG First Decision Justification	5%
BSG BOD Group Presentation	10%
BSG Weekly Decisions Worksheets	10%
Peer Evaluations	10%
<u>Total</u>	<u>100%</u>

In general, late assignments will NOT be accepted. The instructor reserves the right to determine if a student shall be permitted to submit an assignment late (see excused absences and late assignment policy below).

Excused Absences and Late Assignment Policy:

In order to be excused from class, the exam, or allowed to submit an assignment late, you **must** notify me in advance and secure my permission. The only acceptable reasons to request an excuse are:

- Medical emergency (ordinary doctor's visit is not acceptable; proper documentation justifying the excuse will be required).
- Significant personal or professional commitment (e.g., field trip for another course; military duty; interview; religious holidays; participation in official university activities such as music performances, athletic competition or debate; court-imposed legal obligations). Eligibility depends on instructor's judgment, and hence prior permission is a must. Students will not be excused from group presentations for such activities as group presentations are scheduled based on student's availability. Assignments are due on their due date and assignments must be submitted on their due date or prior to their due date even if the student is excused from class on the due date.
- Genuine family emergency (again, proper documentation/verification from will be needed).
- Given that assignments are posted well in advance of their due dates, university athletes or students engaging in approved professional or personal commitments are expected to submit assignments by their stated due dates. Under certain circumstances, I will allow make-up assignments or extensions when the assignment is missed due to official university sporting events pending ample WRITTEN notification in advance (at least 7 days prior). Club/recreational sports are not granted the same courtesy.
- Students who are excused from class will have their participation grades calculated using only the possible points for the days on which they were not excused. In other

words, their grade will be based only on the points for which they have not been excused.

- Excused students will be permitted to make up in-class assignments. Students should contact Dr. Kropp on the first day that they return to class after their absence to make arrangements to complete make-up in-class assignments.

Documentation must be submitted no later than the first day you return to class. Simply emailing Dr. Kropp that you will not be in class does not count as documentation.

Should you experience a significant hardship/illness (e.g. diagnosis of a terminal/chronic disease of you or a close family member; e.g., depression; Crohn's disease, cancer, etc.) during the semester that negatively affects your performance in the course or has the potential to negatively affect your performance in the course, you must inform Dr. Kropp as soon as possible such that appropriate accommodations can be made. You will be asked to obtain documentation from the Dean of Students Office regarding your circumstances.

Re-grades:

If you feel that an error has been made in the grading of an assignment or exam, you are encouraged to submit the assignment/exam for a re-grade. Please note that the **entire** assignment/exam will be reviewed for accuracy. Re-grade requests must be submitted no more than one week after the assignment/exam in question was returned to you. Please put the assignment/exam in an envelope along with a typed explanation of the issue in question.

Final Grades:

<u>Grade</u>	<u>Range</u>
A	93 - 100
A-	90 - 92.99
B+	87 - 89.99
B	83 - 86.99
B-	80 - 82.99
C+	77 - 79.99
C	73 - 76.99
C-	70 - 72.99
D+	67 - 69.99
D	63 - 66.99
D-	60 - 62.99
E	0 - 59.99

If necessary, a curve may be added when calculating final grades. In past semesters, the curve has been approximately 1 - 3 points. The curve will be determined based on current semester's

students' performance; therefore the curve may be larger or smaller than the curve for previous semesters.

Final grades will not be posted on the course website. Students may obtain their final course grade once grades have been posted by the University Registrar. I will not respond to emails or other inquiries regarding grades between the final assignment due date and when final grades are posted by the registrar.

Grades and Grade Points:

For information on current UF policies for assigning grade points, see <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Bonus Point Opportunity:

Students who upload an **appropriate professional** headshot during the first week of the semester to their Canvas profile will receive one bonus point added to their final course grade. Professional means no pets, hats, friends (even cropped out ones), gators, beer, booze, etc.

Class Participation and Effort:

As previously stated, students are expected to attend all classes. In addition to attending class, students are expected to participate and exert effort in learning the material both in class and outside of class. While you must attend class to be able to participate, simply showing up will not suffice. Thus, class participation and effort will be based on:

Participation: Attending class and actively participating in activities, asking questions, and providing comments. Obviously, you cannot participate if you do not attend class. Contributing to conversations in other classes and on the job is a critical skill. You can take steps to improve your participation. If you tend to be a non-participant, I encourage you to prepare questions or jot down a few key points before class and make an effort to speak up in class. If you tend to 'dominate' discussions, learn to let other people contribute.

Arriving on time: Arriving late impedes your learning as well as the learning of your classmates. Tardiness will be noted and will negatively affect your grade.

Engagement: Use of cell phones, laptops, etc. for non-note taking purposes during class impedes your learning as well as the learning of your classmates. Engaging in these activities will negatively affect your grade (see **Emailing, Text Messaging, Instant Messaging, Facebook, Smokeless Tobacco, Etc.** section below).

Energy spent on assignments: The in-class assignments and case study assignments are designed to be learning experiences. To learn you must get outside your comfort zone, and hence the assignments are designed to be challenging and make you uncomfortable. The case study assignments cannot be completed the night before. Rushed, sloppy, and incomplete assignments indicate a lack of effort.

Utilizing office hours/seeking assistance from Dr. Kropp or the TA: Office hours are designed to give students an opportunity to obtain additional assistance and clarification. Students are encouraged to attend office hours; however, it is expected that students exerted some effort in attempting to find the answer prior to arriving at office hours. Students are expected to have read the assignment and required readings, attempted the assignment, and come with specific questions. I recognize that my office hours may not be convenient to all students, and hence I encourage students to also ask questions in class or via email.

In-class Assignments:

To encourage “learn by doing”, there will be several in-class activities and assignments over the course of the semester. Unless otherwise noted, students may work together to complete these assignments.

i>clickers REEF Polling and In-class Quizzes:

REEF Polling by i>clicker will be used to test knowledge of topics already covered in class or the assigned readings. REEF Polling helps me understand what you know and allows you to review the material after class. Some of the REEF polling questions will be graded while others will not. You will need to create a REEF Polling account to respond to questions in class using your laptop, smart phone, or tablet connected to the University’s Wi-Fi.

It is each student’s responsibility to come to class prepared. This includes having your REEF polling account activated and updated, and your REEF polling device (smartphone, tablet, laptop, etc.) charged. You will not be allowed to make up REEF polling questions or be excused from them due to not having the program updated or your device charged.

I take academic honest very seriously. Submitting votes for a fellow student or voting in a class in which you are not present violates the University’s Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. If you are caught voting for another student or have votes in a class that you did not attend, **you will receive a zero for your class participation and effort grade for the entire semester and you will be reported to the Dean of Students Office for further disciplinary action.**

Emailing, Text Messaging, Instant Messaging, Facebook, Smokeless Tobacco, Etc.

Students caught engaging in these activities during class will receive a one percentage point penalty on their final course grade for **each** offense. ***This policy will be strictly enforced.***

Business Strategy Game Simulation:

The [Business Strategy Game](#) is a simulation game in which students (in teams of four or five) will act as the management team responsible for the financial performance of an athletic-shoe company. Teams will determine and implement a strategic plan for 6 years (6 decision rounds

plus two practice rounds). Early and continuing attention, focus, and commitment are strongly correlated with success. **Guidelines and expectations** for the BOD presentations and other assignments related to the game will be posted on the class website. **Every student must register on-line and pay the registration fee.** Students will be asked to assess their team members. However, please remember that those who are guilty of allowing free riding are just as guilty as the free riders of poor team functioning. I am willing to help resolve problems if they are brought to my attention. Bullying and other non-professional behaviors will not be tolerated. The top three scoring groups in the game will receive bonus points on their final course grades: 3 points for first place, 2 points for second place, and 1 point for third place.

Policy for Firing Group Members:

In extreme circumstances, and only after other corrective measures have failed, groups may fire an underperforming group members if there is unanimous agreement to do so from the other group members. Firing a group member requires prior consultation and mediation with the instructor.

BSG First Decision Justification:

In order to ensure that you are applying finance and management concepts to evaluate your decisions, you will work together as a team to submit a document justifying your teams strategic decisions and plan for the game when the first set of decisions are made (e.g., building new capacity, investing in plant upgrades, employee compensation decisions, advertising decisions, etc.). Your team will submit a written memo detailing your decisions. Using NPV and IRR and ratio analysis will be important components of the written justification.

BSG Weekly Decision Worksheets:

Each group must submit a weekly decision worksheet every time BSG decisions are due. The weekly decision worksheet incorporates recently covered concepts in an effort to give students practice with the course material. These worksheets also assist in the preparation of the BOD presentations thus **students should keep the graded worksheets to prepare for the BOD presentations; some of the information on the worksheets cannot be retrieved from the game after the decision round has past.**

BSG Board of Directors Presentations:

Each team will present its strategic business plan to the Board of Directors (Dr. Kropp, teaching assistance, and potentially other FRE faculty) after four decision rounds. Board of Directors meetings will be scheduled such that all group members can be present. A sign-up sheet will be circulated for specific dates and times.

Peer Evaluations:

Each student will be asked to complete a set of peer evaluations (one for each team member) at end of the semester (following the final set of decisions). Peer evaluations can be found on-line

within the BSG website. Peer evaluation grades will be determined by their peers' assessment of their performance, attendance at group meetings, contributions and efforts. **Students failing to submit peer evaluations of their other group members will receive a peer evaluation grade of zero.**

Case Study Individual Critical Thinking Assignments:

The course uses a series of individual critical thinking assignments (case studies) that pose issues and problems that have arisen in “real” businesses. Students are required to read, synthesize, analyze, and suggest a course of action. The assignments are opportunities for you to demonstrate that you can competently apply the concepts that you have learned in your undergraduate program. Rubrics for the case studies will be posted on the class website.

Students certainly benefit from having a dialogue with their peers regarding these assignments. These discussions typically enrich the learning process for students. However, these are individual assignments and plagiarism – intentional or unintentional – will not be tolerated. To avoid plagiarism, **never type your assignment while you are having a conversation with a peer regarding a case study. Never share a digital draft or excel file of your work via email.** Suspected plagiarism (including but not limited to similar structure of ideas, same calculations, similar assumptions, similarly formatted tables, etc.) will be dealt with swiftly and severely to the extent possible allowed by the Student Honor Code. Plagiarized assignments will earn a grade of zero. All assignments must be submitted through turnitin via the course website. In addition, students must submit a hardcopy of all assignments by their due dates.

In-class Exam:

There will be one in-class exam. The exam will be cumulative. The exam will consist of short-answer, multiple choice, and analytical problem-solving questions.

The exam will be a closed book, closed notes, individual exam (no collaboration allowed). No formula sheets or any other aids are allowed. A financial calculator may be used. However, graphing calculators, cell phones, touch screen devices, tablets, laptops, or other devices with the capability to store formulae are not allowed. Sharing calculators during an exam is not allowed.

It is expected that all students be on time to the exam. Please arrive early, if possible, to get seated and get your books/bags stowed away so that the exam can be started at the stated time.

Make-up Exams:

- Make-up exams are not given except in cases of excused absences as discussed above. Make-up exams will be arranged on a case by case basis and will occur as close to the scheduled exam as possible – in some cases, the make-up exam may be given prior to the scheduled exam date.
- Individuals absent from the exam will receive a score of **zero (0)** on the exam unless there is an excused absence or valid, medically related, excuse for missing the exam.

Academic Honesty:

As a student at the University of Florida, you have committed yourself to uphold the Honor Code, which includes the following pledge: “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.” You are expected to exhibit behavior consistent with this commitment to the UF academic community, and on all work submitted for credit at the University of Florida, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment."

It is assumed that you will complete all work independently in each course unless the instructor provides explicit permission for you to collaborate on course tasks (e.g. assignments, papers, quizzes, exams). Furthermore, as part of your obligation to uphold the Honor Code, you should report any condition that facilitates academic misconduct to appropriate personnel. It is your individual responsibility to know and comply with all university policies and procedures regarding academic integrity and the Student Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. Violations will be reported to the Dean of Students Office for consideration of disciplinary action. For more information regarding the Student Honor Code, please see: <http://www.dso.ufl.edu/sccr/process/student-conduct-honor-code>.

Software Use:

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Campus Resources:

Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. The Counseling & Wellness Center provides confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance.

- *University Counseling & Wellness Center, 3190 Radio Road, 352-392-1575, www.counseling.ufl.edu/cwc/*
 - Counseling Services
 - Groups and Workshops
 - Outreach and Consultation
 - Self-Help Library
 - Wellness Coaching
- *Career Resource Center, First Floor JWRU, 392-1601, www.crc.ufl.edu/*

Student with Disabilities Act:

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation

0001 Reid Hall, 352-392-8565, www.dso.ufl.edu/drc/

Online Course Evaluation Process:

Student assessment of instruction is an important part of efforts to improve teaching and learning. At the end of the semester, students are expected to provide feedback on the quality of instruction in this course using a standard set of university and college criteria. These evaluations are conducted online at <https://evaluations.ufl.edu>. Evaluations are typically open for students to complete during the last two or three weeks of the semester; students will be notified of the specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results>.

Date	DOW	Topic	Before coming to class	Assignments Due
Aug. 23	Thursday	Introductions, Administration and Expectations	Read the Syllabus Read AACU Poll of Employers Report	
Aug. 28	Tuesday	Review of Financial Statements	Bring a Laptop to Class Read Chapters 1 & 2 RWJ Read Chapter 25 Holden	
Aug. 30	Thursday	Creating Linked Financial Statements	Bring a Laptop to Class	Form Groups
Sept. 4	Tuesday	Projecting Cash Flows and Pro Forma Scenario and Sensitivity Analysis	Bring a Laptop to Class	
Sept. 6	Thursday	Ratio Analysis	Read Chapter 3 RWJ Bring a Laptop to Class	BSG Registration
Sept. 11	Tuesday	Ratio Analysis	Read Chapter 3 RWJ Bring a Laptop to Class	
Sept. 13	Thursday	BSG Practice Decision 1 Ratio Analysis	Read Chapter 3 RWJ Bring a Laptop to Class	First BSG Practice Decision
Sept. 18	Tuesday	The DuPont Identity	Read Chapter 18 Holden	
Sept. 20	Thursday	BSG Practice Decision 2 Farm Credit Guess Lecture		Second BSG Practice Decision
Sept. 25	Tuesday	Net Present Value Analysis	Read Chapters 4 and 5 RWJ Read Chapter 5 Holden	BSG Resets
Sept. 27	Thursday	Net Present Value Analysis	Read Chapters 4 and 5 RWJ Read Chapters 1-3 Holden	Case Study 1: Loan Evaluation
Oct. 2	Tuesday	Review of Capital Budgeting Methods NPV/Capital Budgeting for BSG	Bring a Laptop to Class Read Chapters 8 and 9 RWJ Read Chapter 14 Holden	

Date	DOW	Topic	Before coming to class	Assignments Due
Oct. 4	Thursday	Bond Basics	Read Chapter 6 RWJ Read Chapter 7 Holden	
Oct. 9	Tuesday	BSG Decision 1 Bond Pricing and Credit Risk	Read Chapter 6 RWJ Read Chapter 7 Holden	First BSG Decision Worksheet First Decision Memo
Oct. 11	Thursday	Understanding Credit Risk	Read Understanding Credit Risk	
Oct. 16	Tuesday	Investment Analysis, Beta and CAPM	Read Chapters 10 and 11 RWJ Read Chapter 8 Holden	
Oct. 18	Thursday	BSG Decision 2 Stock Valuation Estimating Incremental Free Cash Flows	Read Chapter 7 RWJ Read Chapter 9 Holden	Case Study 2: Capital Budgeting Second BSG Decision Worksheet
Oct. 23	Tuesday	Stock Valuation using Multipliers	Read Chapter 7 RWJ Read Chapter 9 Holden	
Oct. 25	Thursday	BSG Decision 3 Valuing Apple Stock	Bring a Laptop to Class	Third BSG Decision Worksheet
Oct. 30	Tuesday	Too Big to Fail		
Nov. 1	Thursday	Too Big to Fail BSG Decision 4		Fourth BSG Decision Worksheet
Nov. 6	Tuesday	No Class – Board of Directors Meetings to Be Scheduled		BOD Presentations
Nov. 8	Thursday	No Class – Board of Directors Meetings to Be Scheduled		BOD Presentations
Nov. 13	Tuesday	Weighted Average Cost of Capital	Read Chapter 12 RWJ Bring a Laptop to Class	
Nov. 15	Thursday	BSG Decision 5 Financial Leverage Game	Read Financial Leverage Game	Fifth BSG Decision Worksheet

Date	DOW	Topic	Before coming to class	Assignments Due
Nov. 20	Tuesday	Optimal Capital Structure	Read Chapter 13 RWJ Read Chapter 13 Holden	Case Study 3: Stock Valuation
Nov. 22	Thursday	No Class – Thanksgiving		
Nov. 27	Tuesday	BSG Decision 6 Effects of Changing Capital Structure	Read Chapter 14 RWJ	Six BSG Decision Worksheet
Nov. 29	Thursday	Exam		
Dec. 4	Tuesday	Reflections and Wrap-up		

The schedule, policies, procedures and assignments in this course are subject to change in the event of extenuating circumstances, by mutual agreement, and/or to ensure better student learning.